

Bonding key to stabilizing Ky. teacher pensions

February 2, 2015 Updated 4 hours ago

This commentary was signed by top officials of the Kentucky Teachers' Retirement System, Jefferson County Teachers Association, Kentucky Retired Teachers Association, Kentucky Association of School Superintendents, Kentucky School Boards Association, Retired Kentucky Association of School Councils and Prichard Committee for Academic Excellence.

RELATED STORIES:

[Bonding won't save pension system](#)

At issue: Jan. 16 Herald-Leader editorial, "Bonding won't save pension system; Try state payments, tax reform, transparency"

There is a tide in the affairs of men, which taken at the flood leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat, and we must take the current when it serves, or lose our ventures. — William Shakespeare

Following several years of carefully studying the issues, the Kentucky General Assembly is currently evaluating a long-term funding solution for teachers' pensions. Kentucky's education community solidly supports the plan and salutes the General Assembly for actively considering the legislation.

Since the Great Recession, with falling revenues and strained budgets, the full funding of teachers' pensions has been a challenge. Fortunately for all of us, there is a reasonable plan before the legislature that will set this matter on the right course.

The plan before the legislature has two parts. First, bonding will provide an immediate infusion of money into the retirement fund, thus protecting payments to retired teachers without sacrificing long-term investments.

This once-in-a-lifetime opportunity will take advantage of historically low interest rates and will dramatically lower future payments to the retirement fund.

Second, with the retirement fund stable, the plan provides for prudently stepping into fully funding teachers' pensions at a lower cost to taxpayers.

Funding teachers' pensions is a critical issue for Kentucky. Teachers contribute more than 12 percent of their salaries each pay period to share in the funding of annuity and medical benefits. Teachers, who are mostly women, rely solely on their pensions because they cannot participate in Social Security.

Moreover, married or widowed retired teachers cannot claim their spouses' Social Security because of federal rules. All Kentuckians can be grateful that elected officials are working toward a solution and taking "...the current when it serves...."